

weekly economic review

July 27, 2012

Retail Trade

Alberta shoppers continue to boost economy

Retail sales in Alberta increased 1.3% in May, fueled by sales at auto dealers and grocery stores. This was the seventh monthly increase in the last 10 months of data. Alberta leads the country in year-over-year growth in retail sales, with sales increasing 8.9%, driven by gains in all 11 sectors.

Canadian retail sales rose 0.3% in May, partly offsetting April's decline. While auto purchases lifted retail sales in Alberta, they fell at the national level. Retail sales increased in six of the ten provinces. Year-over-year, Canadian sales were up 3.1%.

Average Weekly Earnings

Alberta average earnings dip, but remain highest in country

Average weekly earnings in Alberta edged back 0.2% in May, partly reversing April's 0.4% gain. The decline reflected a pullback in the hourly wage rate, as average hours worked stayed unchanged. Alberta employees earned on average \$1,057.08 per week in May, 18.2% higher than the national average.

On a year-over-year basis, earnings grew 1.4%, a deceleration from the 2.7% pace in April. However, earnings growth over this period outpaced May's tepid inflation rate of 0.4%, indicating gains in real, or inflation adjusted, earnings. The strongest gains were seen in goods producing industries, particularly utilities (4.1%) and construction (3.8%).

Nationally, average weekly earnings were \$894.61 in May, up 0.5% from April and 2.5% ahead of May 2011. Half of the provinces saw their earnings shrink from April's levels,

with Newfoundland and Labrador (-1.3%), Saskatchewan (-0.7%) and British Columbia (-0.6%) posting the largest losses.

Investment in Housing

New housing investment tracking well above last year's levels

In May, Alberta investment in new housing came in 26.8% higher than the same month last year, despite falling 5.3% from April's levels. Year-over-year growth was driven by large gains in apartments (+127.1%), duplexes (+54.8%), and row houses (+33.9%).

Insolvency Statistics

Consumer bankruptcies decline

Consumer bankruptcies totaled 515 in May, 16.5% lower than the same month last year. Over the same period, the number of business bankruptcies increased from 22 to 28.

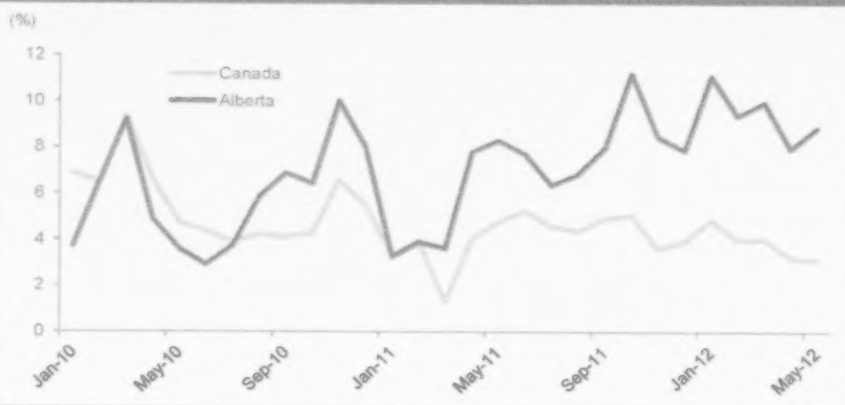
Global Economy

Economic growth cools in the US and UK

US economic growth slowed for the second straight quarter, held back by weaker gains in consumer spending. Real GDP advanced at an annual rate of 1.5% in the second quarter, roughly in line with expectations. Consumer spending increased only 1.5% during the quarter, the smallest gain in a year. A bright spot in the report was an upward revision to the previous two quarters: to 2.0% from 1.9% in the first quarter and to 4.1% from 3.0% in the fourth quarter.

In the UK, second quarter growth surprised to the downside, with the economy shrinking at an annualized rate of 2.8%. This marked the third straight quarterly decline, indicating that the UK recession has deepened.

Retail Sales (year-over-year growth)



Source: Statistics Canada

Closing Prices	July 19, 2012	July 26, 2012	2012-13 Fiscal YTD
Canadian Dollar (USD/CAD)	99.24	99.00	98.84
WTI Oil (BLS/bbl)	\$92.66	\$89.28	\$92.10
NYMEX Natural Gas (BLS/MMBtu)	\$3.00	\$3.11	\$2.48

Alberta Economic Indicators¹

Population	2010	2011	2012YTD	Jan	Feb	Mar	Apr	May	Jun
Population (EA/100)	3,721	3,779	3,847	3,818			3,847		
% change	1.3	1.6	2.0	2.0			2.4		
Net International Migration ² (year)	3,271	13,660	22,542	6,010			13,386		
Net International Migration ² (month)	21,783	14,093	17,506	6,297			8,671		
Net Non-permanent Resident ² (year)	125	7,988	5,042	105			2,542		
Labour Market									
Employment (C/100)	2,018	2,095	2,139	2,145	2,128	2,132	2,143	2,153	2,144
% change	0.4	3.8	3.4	3.9	2.8	3.1	3.9	4.1	2.7
Unemployment Rate (%)	6.5	5.5	4.9	4.9	5.0	5.3	4.9	4.5	4.6
Participation Rate (%)	72.8	73.7	73.8	74.1	73.7	74.0	73.9	73.7	73.8
NEW: Average Weekly Earnings (\$)	903.28	1,038.69	1,056.23	1,056.05	1,054.83	1,054.38	1,058.84	1,057.05	
% change	4.8	4.8	2.4	2.5	2.4	3.1	2.7	1.4	
Price Indices									
Consumer Price Index	1.0	2.4	1.5	2.0	1.9	1.7	0.8	0.4	1.9
Excluding food and energy	0.7	0.8	1.5	1.4	1.5	1.5	2.1	1.5	1.6
New Res. Building Cost Price Index ³	0.1	3.4	4.5			4.5			
Farm Product Price Index	1.5	17.2	4.1	1.9	3.2	2.9			
Crops	9.7	18.5	3.0	0.8	3.9	4.4			
Livestock	5.7	17.2	10.9	15.1	9.8	8.2			
Household Sector									
Housing Starts (SAAR, 000s)	26.9	25.5	33.4	26.1	32.1	35.6	34.4	33.4	31.4
% change	34.8	-5.2	49.9	35.2	42.7	70.3	18.3	33.1	41.9
New Housing Price Index ⁴	0.5	0.4	0.8	0.7	0.2	0.8	1.2	1.0	
Expenditure	-0.8	0.9	0.9	1.3	0.1	-0.6	1.3	1.1	
Category	1.7	-0.1	0.6	-0.1	0.4	-0.5	0.9	0.8	
M.C. Average Retail Prices (\$ 000s)	350.9	352.7	358.5	341.0	360.5	359.6	362.5	365.5	364.8
% change	5.1	0.5	1.5	-2.7	1.2	2.5	1.8	1.9	2.6
Edmonton (\$ 000s)	326.5	329.2	332.4	325.2	334.5	331.9	337.8	331.7	332.3
% change	2.3	0.7	3.2	0.7	4.8	2.8	3.8	4.0	3.9
Calgary (\$ 000s)	397.4	401.9	404.7	408.5	410.5	407.8	408.0	413.3	410.2
% change	3.4	1.1	0.4	4.2	0.5	2.4	1.3	2.4	2.3
NEW: Retail Sales	6.0	6.9	9.4	11.1	9.4	10.0	7.9	8.3	
New Motor Vehicle Sales	9.5	9.6	15.2	21.6	20.8	12.9	1.1	22.6	
NEW: Consumer Bankruptcies (year)	8,150	7,029	2,656	517	503	568	523	515	
% change	-18.4	-13.8	-15.7	10.6	-16.2	16.5	-18.2	-16.5	
Business Sector									
Rigs Drilling (year)	307	295	261	401	459	336	141	83	199
% change	61.3	37.9	3.5	7.8	9.9	7.5	14.4	4.5	-7.5
Exports (seasonally based)	12.6	18.3	12.3	14.1	16.4	9.0	21.2	3.1	
Energy	17.4	19.2	14.3	12.5	16.4	10.0	29.4	4.5	
Agriculture	-14.3	21.4	19.8	-27.4	18.5	26.3	16.3	10.8	
Total Farm Cash Receipts (quarterly)	-3.7	16.3	28.3			28.3			
Manufacturing Shipments	11.3	18.0	11.1	14.8	15.7	12.3	7.1	6.3	
Wholesale Trade	8.5	15.0	16.7	15.7	16.9	14.5	19.4	16.9	
Building Permits	1.3	11.8	19.0	23.4	22.6	90.9	49.5	26.0	
Residential	22.4	5.7	22.2	34.2	50.2	21.8	1.5		
Non-residential	-18.3	20.9	10.5	51.7	52.9	64.6	157.8		
NEW: Business Bankruptcies (year)	378	264	112	20	25	19	20	28	
% change	6.7	-30.2	-4.3	-33.3	13.6	-26.9	17.6	27.3	

YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year.

¹ Unless otherwise indicated, all figures are year-over-year percentage change.

² Quarterly; annual numbers are presented on a calendar year basis (July 1 - June 30).

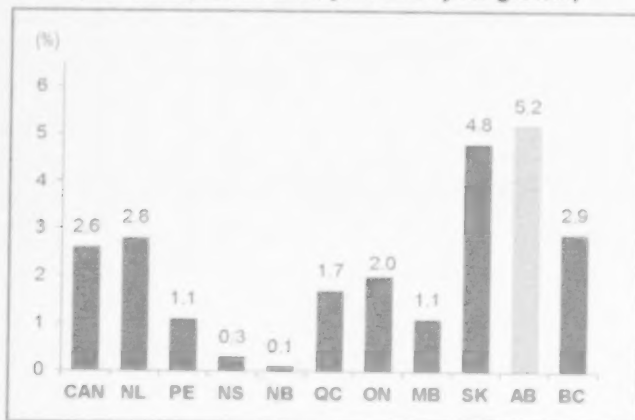
³ Quarterly; average of Calgary and Edmonton.

⁴ Average of Calgary and Edmonton.

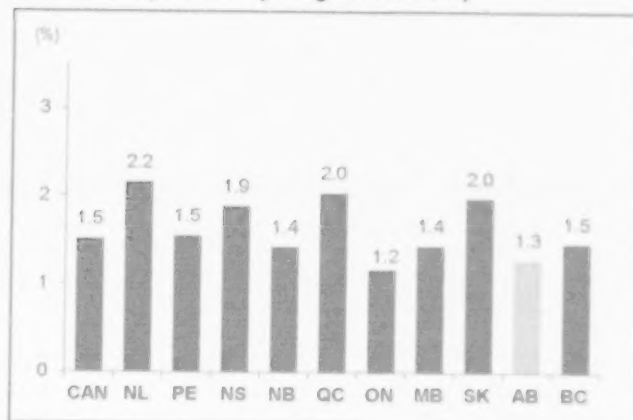
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), M.C. Average Retail Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

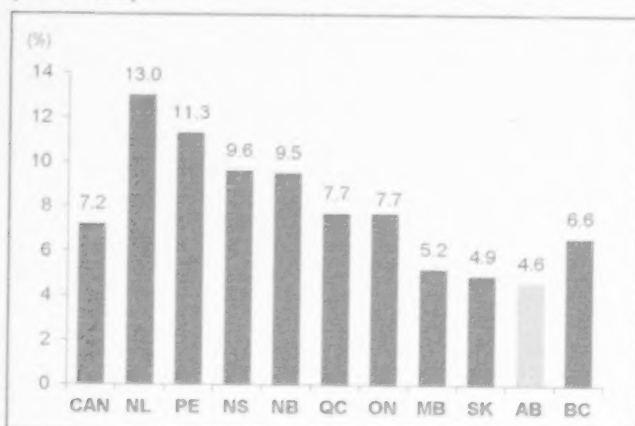
Real GDP Growth by Industry
(2011 preliminary estimates, year-over-year growth)



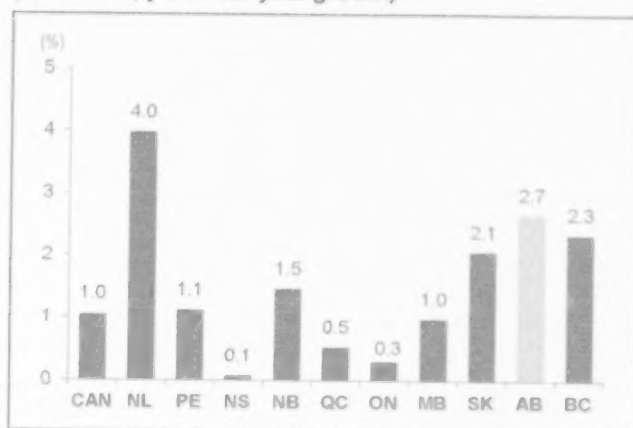
CPI Inflation
(June 2012, year-over-year growth in CPI)



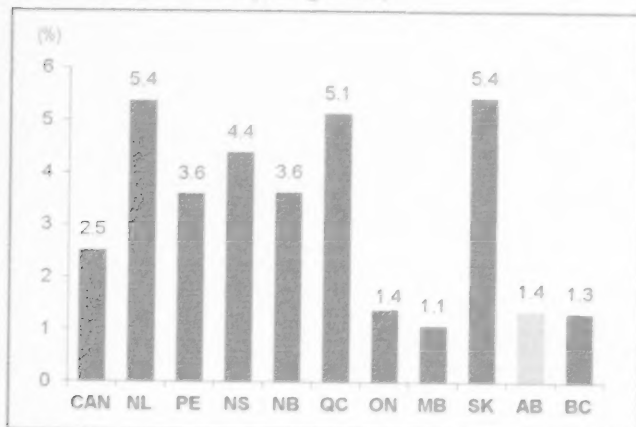
Unemployment Rate
(June 2012)



Employment
(June 2012, year-over-year growth)



Average Weekly Earnings
(May 2012, year-over-year growth)



Housing Starts
(June 2012, SAAR, year-over-year growth)

